Corporate Presentation

November 2020

kelt exploration

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www.keltexploration.com

kelt exploration

TSX KEL

Why Invest in Kelt ?

VALUE CREATION

- **Kelt focuses on value creation for shareholders over the long-term.**
- **The Company emphasizes low-cost land accumulation in resource-style plays with the potential for high rates of return on capital invested and rapid growth of its drilling inventory portfolio.**
- **The Kelt management team has a track record of creating value through opportunistically timed monetizations: sold Celtic Exploration Ltd. in February 2013 for $3.2 billion; sold Kelt's Karr Montney assets in January 2017 for $100.0 million; sold Kelt's Inga Montney assets in August 2020 for $510.0 million.**
- **Kelt currently holds over 370,000 acres of Montney rights and over 74,000 acres of Charlie Lake rights.**
- **Kelt targets a 2.0 times or better recycle ratio over the long-term on a proved plus probable reserve basis – the Company's 2019 recycle ratio was 2.5 times and in 2018, the recycle ratio was 2.7 times.**
- **Management and the Board are aligned with all Kelt shareholders through their significant equity ownership in the Company.**

Environment, Social and Governance (ESG)

Environment

- Kelt is committed to minimalizing impacts on the environment.
- Kelt enacted an Environmental Management System to promote environmental stewardship and transparency within all levels of the organization, including vendors and suppliers.
- Kelt is responsible with abandonment and reclamation activities. The Company's consolidated LMR ratio is currently above 5.0 times (pro-forma after the sale of its Inga Assets).
- Kelt has moved to resource style development increasingly with multi-well pads, significantly reducing surface impacts.
- Kelt's operations are in Canada where there is stringent regulatory requirements resulting in safe and responsible energy development.

Social

- Health and safety are a high priority and Kelt maintains a HS&E program designed to protect the health and safety of our workers and the public.
- Kelt contributes to the communities it operates in with significant capital, operating and royalty contributions supporting Western Canadian economic activity.
- Kelt supports community programs, use of local people and services including the engagement of First Nations.

Governance

- Kelt is committed to strong corporate governance practices, ethical business conduct and regulatory compliance.
- Kelt has engaged a qualified independent Board of Directors.
- Board Committees are majority independent.
- Executive compensation and stock ownership are aligned with shareholder interests for long-term performance and equity returns.

Note: Refer to Appendix for additional information relating to ESG including quantitative data.

Current Economic Environment

COVID-19 PANDEMIC

- **Kelt's highest priority remains the health and safety of its employees, partners and the communities where it operates. The Company has introduced measures to protect the well-being of these stakeholders and is proud of the dedication of its workforce to maintain safe operations and business continuity in a challenging environment.**
- **The unprecedented impact to global oil demand destruction resulting from the COVID-19 pandemic, as well as excess oil supplies, as many oil producing nations sought to gain global market share, resulted in a collapse in crude oil prices around the world:**
  - ***WTI crude oil prices averaged US$16.55 per barrel during the month of April 2020, the lowest monthly average price since March 1999 (US$14.68 per barrel).***
  - ***WTI average monthly prices peaked in June 2008 at US$133.88 per barrel.***
  - ***Average annual WTI prices for 2018 and 2019 were US$64.94 and $56.98, respectively.***
- **Kelt took several initiatives to preserve shareholder value during this period of economic uncertainty including cost-cutting measures, financial hedge contracts, production shut-ins and application to various programs offered by the Government of Canada and the Provinces of Alberta and British Columbia.**

Recent Asset Disposition

SALE OF INGA/FIREWEED DIVISION

- On August 21, 2020, Kelt completed the sale of its Inga/Fireweed Division to a multi-national oil and gas company headquartered in Houston, Texas, USA.
- Kelt received cash proceeds of $510.0 million, prior to closing adjustments, and the purchaser assumed certain specific financial obligations related to the Inga/Fireweed assets in the amount of approximately $41.0 million.
- The Inga/Fireweed sale represented a monetization of approximately 27% or 139,962 net acres of the Company's Montney acreage.
- Production at Inga/Fireweed during the first six months of 2020 averaged 14,399 BOE per day, approximately 47% of the Company's total production.
- At December 31, 2019, proved developed producing ("PDP") reserves in the Inga/Fireweed Division pursuant to a report prepared by Sproule Associates Limited was 24.1 million BOE or 49% of Kelt's total PDP reserves as at December 31, 2019.
- Proceeds from the sale of Kelt's Inga/Fireweed Division have been directed towards the re-payment of outstanding amounts under the Company's syndicated credit facility and towards the redemption of Kelt's outstanding convertible debentures, leaving the Company with a positive working capital position.

Capital Structure

- **Stock Exchange listing** — **TSX**
- **Trading symbol** — **KEL**
- **Market capitalization** (effective November 9, 2020) — **$ 318 million**
- **52-week stock trading range** — **$ 0.67 – $ 5.00**
- **Common shares issued** — **188.5 million**

- **Stock options (11.3 MM) & RSUs (0.4 MM)** — **11.7 million (6.2%)**
  → **average exercise price of stock options is $ 3.93 / share**
- **Diluted common shares (includes all options/RSUs)** — **200.2 million**
- **Directors & Officers (D&O's) ownership** *[1]* — **18% (20% diluted)**

Note:

*[1] See slide entitled "Insider Commitment" for details of D&O's participation in equity offerings. Current D&O ownership does **not** include holdings of retired Director, Eldon McIntyre, who served on the Kelt Board from inception until his retirement in April 2018. Upon retirement, Mr. McIntyre's ownership in Kelt shares represented 3.6% (6.7 million shares) of the Company's outstanding shares.*

Insider Commitment

Offering / Market Purchases	Insider Purchases			
	Date	Shares (MM)	Amount (MM)	Price/share
$ 13.9 MM Equity Private Placement	Feb-2013	3.7	$ 8.7	$ 2.32
$ 94.4 MM Equity Private Placement	Apr-2013	5.7	$ 31.5	$ 5.55
$ 92.0 MM Equity Private Placement	Aug-2013	0.5	$ 4.0	$ 8.00
$ 19.6 MM Flow-through Equity Private Placement	Aug-2013	0.5	$ 4.9	$ 9.80
$ 101.1 MM Equity Private Placement	Dec-2013	2.4	$ 19.6	$8.15
$ 33.6 MM Flow-through Equity Private Placement	Mar-2014	1.1	$ 13.5	$ 12.75
$ 33.4 MM Flow-through Equity Private Placement	Mar-2015	1.7	$ 14.7	$ 8.60
$ 90.0 MM Equity Prospectus Offering	Jul-2015	0.4	$ 3.5	$ 8.85
$ 22.1 MM Flow-through Equity Private Placement	Apr-2016	0.2	$ 0.9	$ 4.70
$ 36.3 MM Flow-through Equity Private Placements	2017-2018	0.1	$ 1.0	$ 8.12
Open Market Purchases	2013-2020	11.7	$ 30.9	$ 2.64
TOTAL *[2]*		28.0	$ 133.2	$ 4.76

Notes:

*[1] Insiders purchased **$14.7 million of the $90.0 million** convertible debenture offering in May 2016. The Company redeemed the convertible debentures on October 3, 2020.*

*[2] Insiders' (excluding a retired director) total current holdings are **34.6 million shares or 18%** of outstanding shares (does not include shares that may be received from exercising rights under stock option and RSU plans).*

Capital Expenditures

($ millions)	2019	2020 (E)	2021 (E)	2021/20 change
Drilling & Completions	184.7	68.5	58.5	– 15%
Equipment, Facilities, & Pipeline Infrastructure [1]	129.0	75.7	28.0	– 63%
Land, Seismic & Asset Acquisitions, net of Property Dispositions [2]	1.9	0.8	3.5	+ 337%
Net Capital Expenditures	315.6	145.0	90.0	– 38%

Note:

[1] British Columbia Clean Growth Infrastructure Royalty Credit Program:

Oak/Flatrock – the Government of British Columbia approved Kelt's 2019 application to recover approximately 37% of $49.5 million in future infrastructure expenditures (or approximately $18.5 million) through reduced future royalties payable relating to 22 horizontal Montney wells associated with the infrastructure.

[2] Sale of Inga/Fireweed Division:

During 2020, Kelt sold its Inga/Fireweed Division for gross cash proceeds off $510.0 million (estimated net cash proceeds of $504.0 million after closing adjustments). In addition, the purchaser assumed certain financial obligations related to the Inga/Fireweed assets in the amount of approximately $41.0 million. The sale of the Company's Inga/Fireweed Division is not included in Property Dispositions shown in the table above.

Drilling Program

Drills	2019 Gross / Net Wells		2020 (E) Gross / Net Wells		2021 (E) Gross / Net Wells	
Alberta	8	8.0	5	5.0	4	4.0
British Columbia	25	25.0	9	9.0	6	6.0
Total	33	33.0	14	14.0	10	10.0

Completions	2019 Gross / Net Wells		2020 (E) Gross / Net Wells		2021 (E) Gross / Net Wells	
Alberta	6	6.0	3	3.0	6	6.0
British Columbia	30	30.0	6	6.0	6	6.0
Total	36	36.0	9	9.0	12	12.0

Notes:

Kelt currently has behind pipe volumes associated with 7 wells that are drilled, completed & tested, awaiting tie-in, as outlined below:

- Wembley (sfc 10-28) 00/03-04-074-07W6 Montney D2
- Wembley (sfc 12-05) 00/09-04-073-06W6 Montney D3
- Wembley (sfc 16-26) 00/13-13-072-07W6 Montney D3
- Wembley (sfc 16-8) 02/16-10-072-07W6 Montney D3
- Wembley (sfc 14-26) 00/04-23-073-09W6 Montney D3
- Oak (sfc 05-31) 00/13-05-087-18W6 Upper Montney
- Oak (sfc 05-31) 00/16-06-087-18W6 Middle Montney

Notes:

Kelt currently has behind pipe volumes associated with 4 wells that are drilled but un-completed (DUCs), as outlined below:

- Oak (sfc 5-33) 00/01-09-087-18W6 Upper Montney
- Oak (sfc 5-33) 00/04-10-087-18W6 Upper Montney
- Oak (sfc 13-12) 00/16-23-087-18W6 Upper Montney
- Oak (sfc 13-12) 00/14-24-087-18W6 Upper Montney

Production

	2019		2020 (E)		2021 (E)	
Oil (bbls/d)	9,361	31%	6,850	28%	3,800	22%
NGLs (bbls/d) [1]	4,490	15%	3,950	16%	2,700	15%
Gas (Mcf/d)	96,658	54%	81,600	56%	66,000	63%
Combined (BOE/d)	29,961	100%	24,400	100%	17,500	100%
Per MM Shares (BOE/d)	163		130		93	

Note:

[1] 2021 estimated NGLs production mix is as follows:

Pentane (C5+)	*24%*
Butane (C4)	*25%*
Propane (C3)	*30%*
Ethane (C2)	*21%*
Total NGLs	***100%***

Commodity Prices

(CA $, unless otherwise specified)	2019		2020 (E)		2021 (E)	
WTI Crude Oil ($/bbl) [1]	US $ 56.98	$ 75.61	US $ 38.00	$ 51.34	US $ 38.50	$ 51.59
MSW Crude Oil ($/bbl) [2]	US $ 52.17	$ 69.19	US $ 32.68	$ 44.16	US $ 34.50	$ 46.23
NYMEX Natural Gas ($/MMBtu)	US $ 2.62	$ 3.48	US $ 2.10	$ 2.84	US $ 3.10	$ 4.15
UNION-DAWN Gas Daily Index ($/MMBtu)	US $ 2.40	$ 3.18	US $ 1.95	$ 2.63	US $ 3.00	$ 4.02
CHICAGO Gas Daily Index ($/MMBtu)	US $ 2.38	$ 3.16	US $ 1.95	$ 2.63	US $ 3.00	$ 4.02
MALIN Gas Monthly Index ($/MMBtu)	US $ 2.67	$ 3.54	US $ 2.20	$ 2.97	n/a	n/a
SUMAS Gas Monthly Index ($/MMBtu)	US $ 3.81	$ 5.06	US $ 2.30	$ 3.11	n/a	n/a
AECO [5A] Gas Daily Index ($/MMBtu) [3]	US $ 1.32	$ 1.75	US $ 1.80	$ 2.43	US $ 2.40	$ 3.22
Station 2 [7B] Gas Monthly Index ($/MMBtu) [3]	US $ 0.77	$ 1.02	US $ 1.70	$ 2.30	US $ 2.35	$ 3.15
Exchange Rate (CAD/USD)	$ 1.327		$ 1.351		$ 1.340	
Exchange Rate (USD/CAD)	US $ 0.754		US $ 0.740		US $ 0.746	
Kelt Oil price ($/bbl)	$ 66.94		$ 39.78		$ 44.61	
Kelt NGLs price ($/bbl)	$ 20.62		$ 14.06		$ 19.14	
Kelt Gas price ($/Mcf)	$ 3.26		$ 2.41		$ 3.67	
Kelt combined price ($/BOE)	$ 34.53		$ 21.50		$ 26.48	

Notes:

[1] WTI – West Texas Intermediate – light sweet crude oil (API 40˚) for settlement at Cushing, Oklahoma, priced in USD.

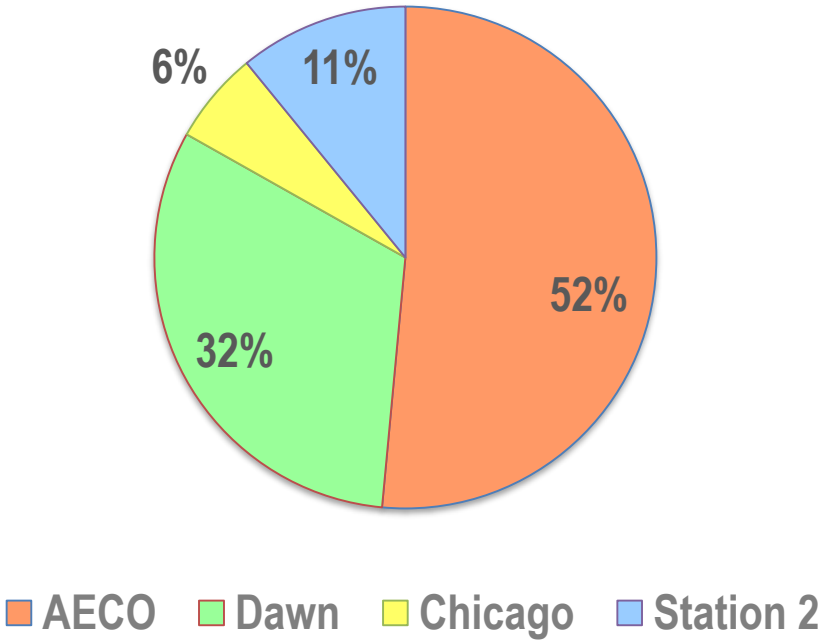
[2] MSW – Mixed Sweet Blend – light sweet crude oil (API 40˚) for settlement at Edmonton, Alberta, priced in CAD.

[3] AECO and Station 2 converted from GJ to MMBtu at a factor of 1.0546 GJ / MMBtu (1,000 Btu/scf gas).

Gas Market Risk Management

GAS MARKET DIVERSIFICATION

- The Company has taken a diversified approach to selling its natural gas in order to reduce exposure to single market risk.
- Estimated % of average gas sales in 2021 at each respective price hub is forecasted to be as follows:



Hedging – Oil and NGLs

Commodity	Index	Remaining Term	Quantity	Fixed Price
Crude Oil	MSW Fixed Price	Oct/2020 to Dec/2020	1,500 bbls/d	CAD 32.25 / bbl *[equivalent to **USD $24.07** at a CAD/USD exchange rate of **1.340**]*
Propane	OPIS Conway Fixed Price	Oct/2020 to Dec/2020	500 bbls/d	CAD 23.35 / bbl *[equivalent to **USD $17.43** at a CAD/USD exchange rate of **1.340**]*

Hedging – Natural Gas

Commodity	Index	Remaining Term	Quantity	Fixed Price
Natural Gas	NYMEX Henry Hub Fixed Price	Oct/2020	45,000 MMBtu/d	CAD 2.83 / MMBtu *[equivalent to **USD $2.11** at a CAD/USD exchange rate of **1.340**]*
Natural Gas	NYMEX to AECO 5A Basis Differential	Oct/2020	25,000 MMBtu/d	NYMEX minus USD 0.47 / MMBtu *[equivalent to **CAD $0.63** at a CAD/USD exchange rate of **1.340**]*
Natural Gas	NYMEX Henry Hub Fixed Price	Nov/2020	25,000 MMBtu/d	CAD 2.90 / MMBtu *[equivalent to **USD $2.16** at a CAD/USD exchange rate of **1.340**]*
Natural Gas	AECO 5A Fixed Price	Dec/2020 to Oct/2021	5,000 GJ/d	CAD 2.70 / GJ (~ CAD 2.84 / MMBtu) *[equivalent to **USD $2.12/MMBtu** at a CAD/USD exchange rate of **1.340**]*
Natural Gas	NYMEX Henry Hub Fixed Price *[1]*	Dec/2020 to Oct/2021	5,000 MMBtu/d	CAD 3.95 / MMBtu *[equivalent to **USD $2.95/MMBtu** at a CAD/USD exchange rate of **1.340**]*
Natural Gas	NYMEX Henry Hub Fixed Price *[1]*	Jan/2021 to Oct/2021	5,000 MMBtu/d	CAD 4.05 / MMBtu *[equivalent to **USD $3.02/MMBtu** at a CAD/USD exchange rate of **1.340**]*

Notes:

*[1] NYMEX Henry Hub gas hedge implies a **Dawn gas hub wellhead netback of CAD 2.62 / MMBtu** calculated as follows: fixed NYMEX (4.00) less floating Dawn differential (0.15) less fixed transportation (1.23) equals Dawn netback (2.62).*

2021 Forecast Commodity Price Sensitivities

	2021 Forecast	Kelt Oil Price plus 10%		Kelt NGLs Price plus 10%		Kelt Gas Price plus 10%		CAD / USD Exchange Rate plus 5%	
Kelt Oil Price (CAD/bbl)	44.61	49.07	+ 10%	44.61	—	44.61	—	46.82	+ 5%
Kelt NGLs Price (CAD/bbl)	19.14	19.14	—	21.05	+ 10%	19.14	—	20.10	+ 5%
Kelt Gas Price (CAD/Mcf)	3.67	3.67	—	3.67	—	4.04	+ 10%	3.88	+ 6%
Exchange Rate (CAD/USD)	1.340	1.340	—	1.340	—	1.340	—	1.407	+ 5%
Exchange Rate (USD/CAD)	0.746	0.746	—	0.746	—	0.746	—	0.711	− 5%
AFFO ($MM) *[1] [2]*	66.5	71.8		67.9		72.5		73.3	
Change ($MM / %)		+ 5.3	+ 8%	+ 1.4	+ 2%	+ 6.0	+ 9%	+ 6.8	+ 10%
AFFO per share, diluted *[1] [2]*	0.35	0.38		0.36		0.38		0.39	
Working Capital Surplus ($MM)	4.0	9.3		5.4		10.0		10.8	

Note:
[1] See "Financial Advisories"
[2] AFFO: Adjusted Funds from Operations

Netbacks

($ / BOE)	2019	2020 (E)	2021 (E)	2021/20 change
Revenue / Price	34.53	21.50	26.48	+ 23%
Realized hedging gain (loss)	(0.08)	1.16	(0.13)	–
Royalties (% of revenue / price)	5.1%	4.9%	7.2%	+ 47%
Transportation expense	(4.62)	(3.55)	(3.16)	– 11%
Production expense	(9.18)	(9.49)	(9.30)	– 2%
Operating netback *[1]*	**18.89**	**8.56**	**11.98**	**+ 40%**
G&A expense	(0.81)	(0.89)	(1.57)	+ 76%
Interest expense	(1.41)	(1.39)	(0.01)	– 99%
Other income	0.02	0.10	0.01	– 90%
Adjusted funds from operations *[1]*	**16.69**	**6.38**	**10.41**	**+ 63%**

Note:
[1] See "Financial Advisories".

Finding, Development & Acquisition Costs: P+P Reserves

	2018	2019
Capital expenditures + change in FDC ($M)	596,004	1,295,973
P+P reserve additions, net (MBOE)	76,905	169,217
FD&A cost ($/BOE)	7.75	7.66
Operating netback ($/BOE)	20.56	18.89
Recycle ratio	2.7 x	2.5 x

Notes:

[1] Reserves are per the reports prepared by Sproule Associates Limited. Reserve volumes include Company gross working interest share of remaining reserves, as determined in accordance with NI 51-101.

[2] FD&A: Finding, development & acquisition (net of dispositions). FDC: Future development capital. P+P: Proved plus probable.

Financial

($ MM, unless otherwise specified)	2019	2020 (E)	2021 (E)	2021/20 change
Revenue	394.4	200.0	175.0	– 13%
Operating income [1]	206.5	76.5	76.5	–
Adjusted funds from operations [1]	182.5	57.0	66.5	+ 17%
AFFO per share – diluted ($/share)	0.99	0.30	0.35	+ 17%
Capital expenditures, net [2]	315.6	(359.0)	90.0	– 125%
Bank debt	300.0	nil	nil	–
Working capital deficit / (surplus)	28.1	(30.0)	(4.0)	– 87%

Notes:
[1] See "Financial Advisories".
[2] Capital expenditures are net of proceeds from property dispositions. Net estimated proceeds of $504.0 million from the sale of the Company's Inga/Fireweed Division are included in the 2020 estimates.

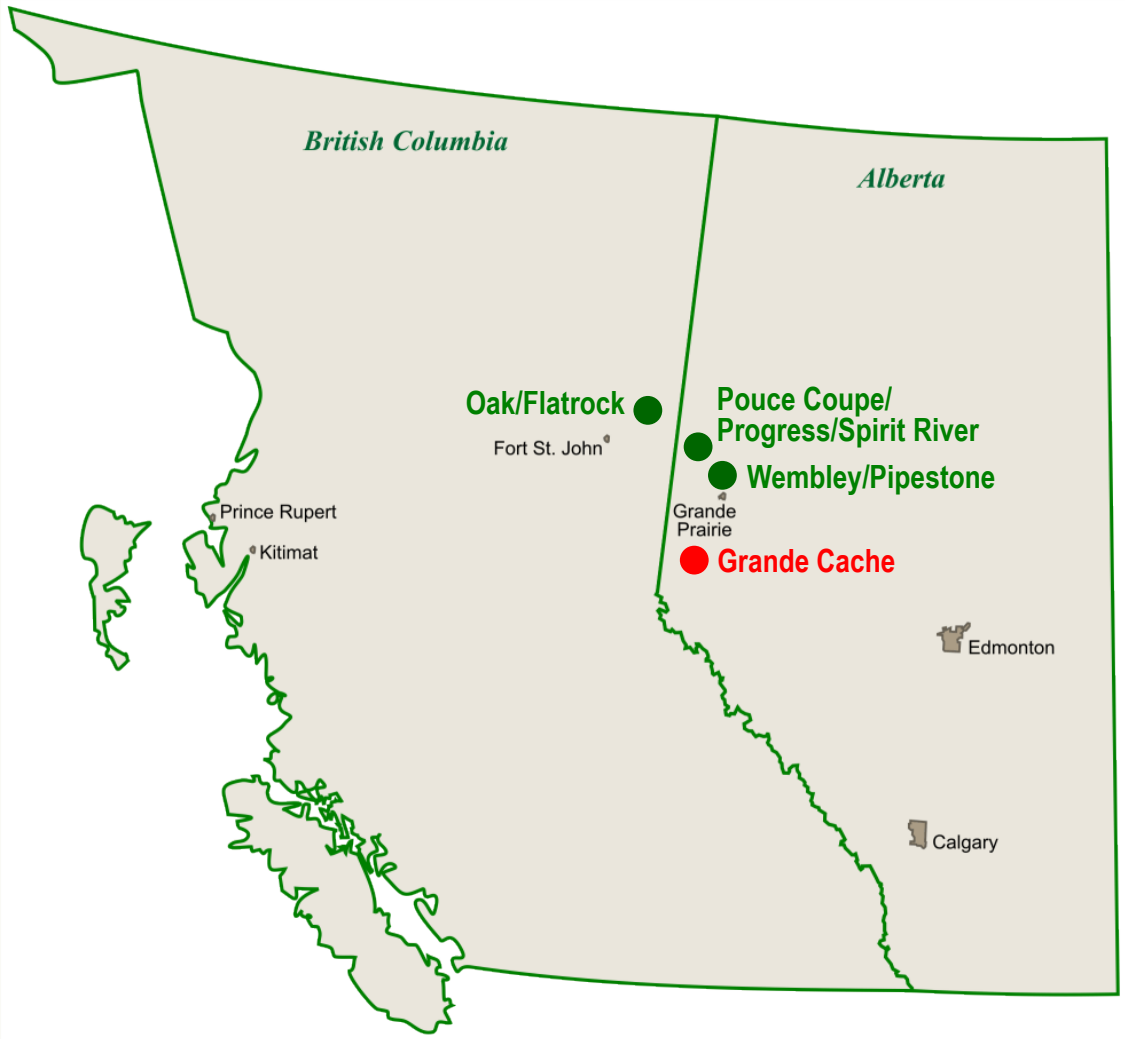
Operating Divisions

Oak/Flatrock
- Montney light oil/condensate-rich gas

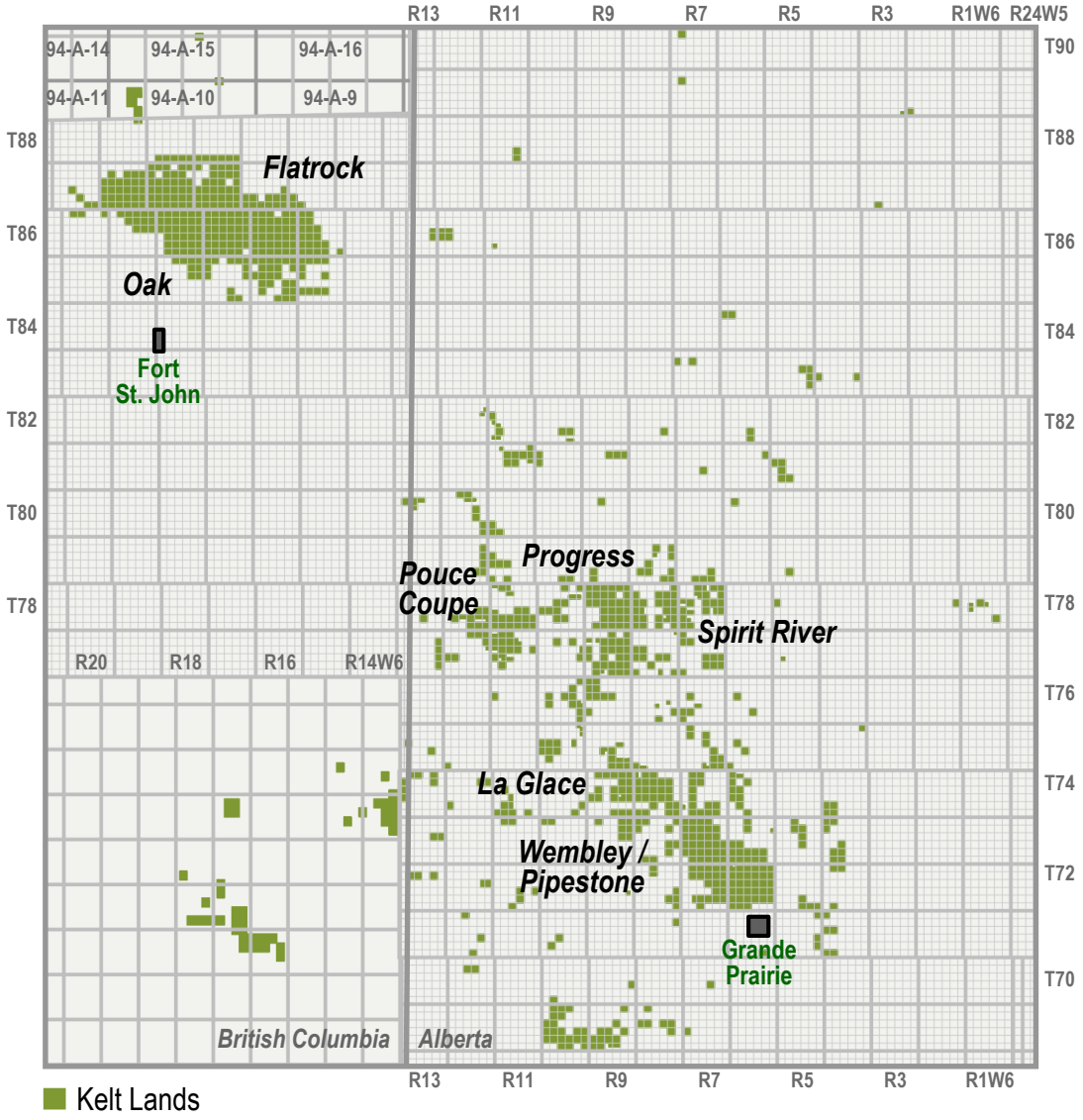
Pouce Coupe/Progress/Spirit River
- Montney light oil
- Montney and Doig gas
- Charlie Lake light oil

Wembley/Pipestone
- Montney light oil/condensate-rich gas

Grande Cache
- Cretaceous gas



Kelt Land Fairway

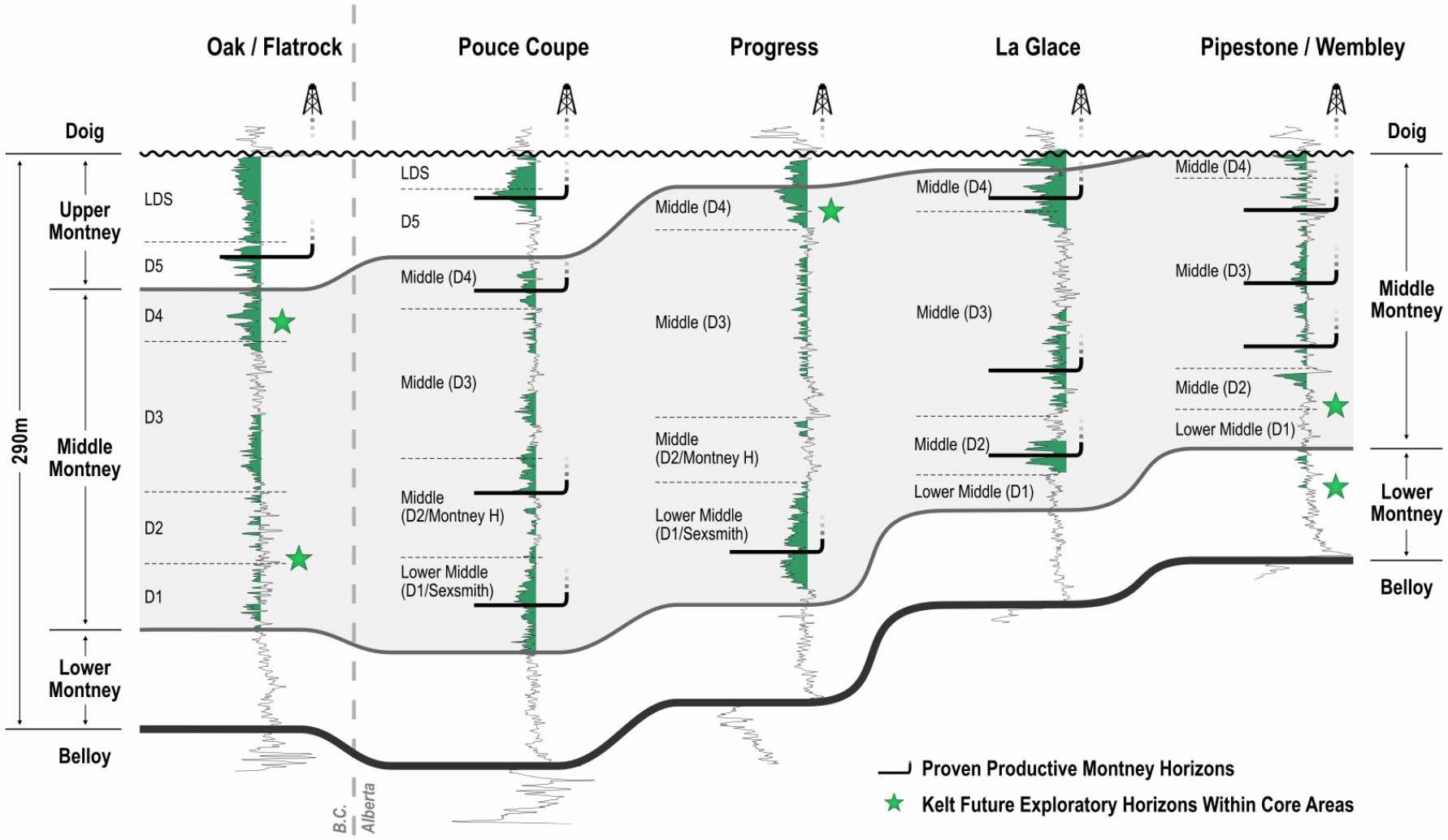


Land Holdings

[September 2020]

Developed + Undeveloped	Gross Acres	Net Acres	Net Sections
BC Montney	210,040	206,854	323
AB Montney	185,600	163,621	256
TOTAL MONTNEY	395,640	370,475	579
AB Charlie Lake	108,320	74,720	117
Other	303,513	135,373	211
TOTAL COMPANY	807,473	580,568	907

Kelt Montney Framework



Drilling Economics

(CA$, unless otherwise specified)	Wembley/Pipestone Montney Well		Oak/Flatrock Montney Well		Pouce Coupe Montney Gas Well		Alberta Charlie Lake Well	
Estimated sales – IP30 (BOE / d)	1,290		1,060		2,000		570	
IP30 split – % Oil/NGLs | % Gas	72%	28%	49%	51%	12%	88%	76%	24%
EUR: estimated ultimate recovery (BOE)	710,000		800,000		2,240,000		320,000	
EUR split – % Oil/NGLs | % Gas	66%	34%	26%	74%	12%	88%	56%	44%
First year netback ($ / BOE) | Payout (years)	$ 28.14	1.1	$ 21.62	1.9	$ 14.32	1.0	$ 30.11	1.1
Net present value, 10% before tax ($ MM)	$ 5.1		$ 3.8		$ 11.5		$ 2.5	
Inventory of drilling locations (un-risked)	911 *[1]*		588 *[2]*		32 *[3]*		121 *[4]*	
Drilling locations included in future development capital in the Dec/31/2019 P+P reserve evaluation	69	8%	12	2%	11	34%	33	27%

Commodity Price Assumptions	WTI Oil *[5]* (USD/bbl)	Exchange (CAD/USD)	MSW Oil *[6]* (CAD/bbl)	NYMEX Gas (USD/MMBtu)	AECO Gas *[7]* (CAD/GJ)
Constant selling price over the life of the well	US $ 55.00	$ 1.300	$ 65.00	US $ 2.75	$ 2.45

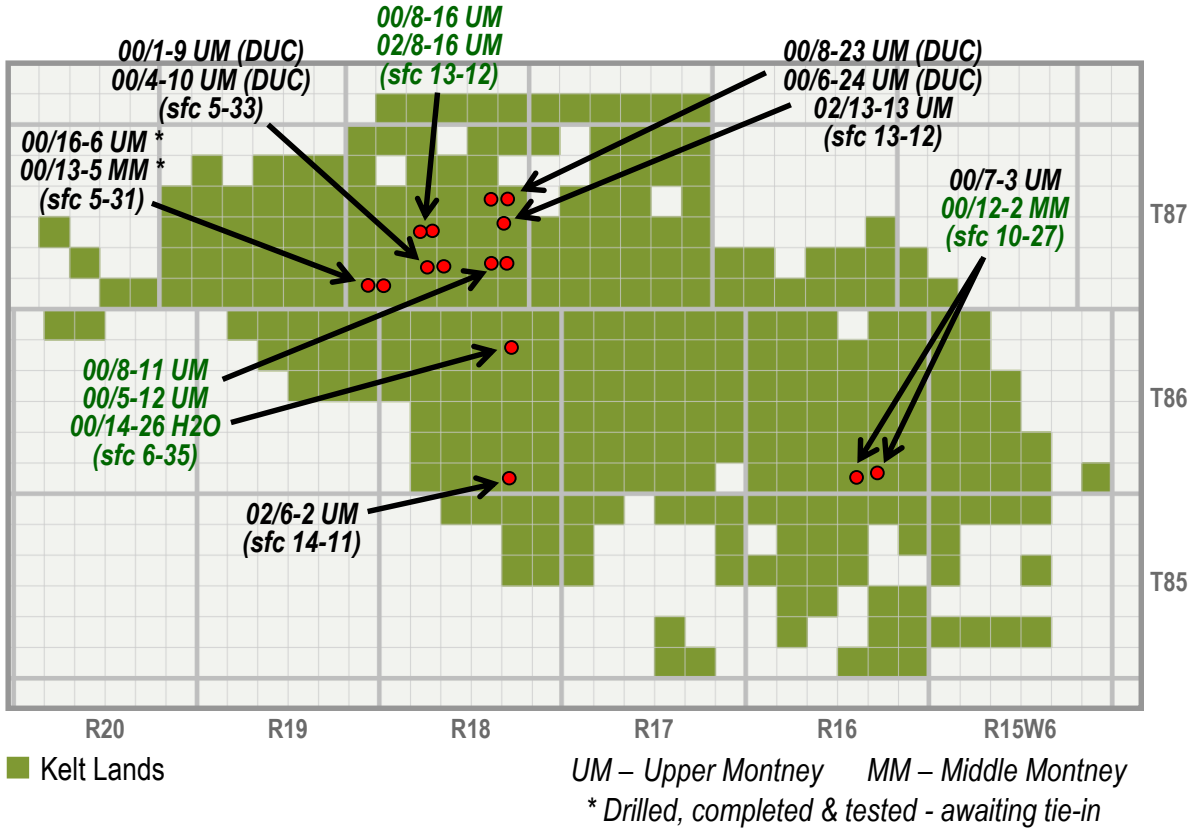
Notes:

*[1] Wembley/Pipestone Montney drilling inventory above only includes the D1 & D3 Montney horizons. Kelt has an additional **189** potential drilling locations in the D2 & D4 Montney horizons.*
*[2] Oak/Flatrock Montney drilling inventory above only includes the Upper Montney horizon. Kelt has an additional **116** potential drilling locations in the Middle Montney horizon.*
*[3] Pouce Coupe Montney drilling inventory only includes the lands on the west part of the Company's land block that are in the gas leg. Kelt has an additional **106** potential drilling locations in the oilier part of its Pouce Coupe/Progress land block.*
[4] The Alberta Charlie Lake drilling inventory includes both Upper and Lower Charlie Lake horizons at Spirit River and Progress. Any potential Charlie Lake drilling locations at Wembley/Pipestone have not been included as inventory above.

Notes:

[5] WTI – West Texas Intermediate – light sweet crude oil (API 40˚) for settlement at Cushing, Oklahoma, priced in USD.
[6] MSW – Mixed Sweet Blend – light sweet crude oil (API 40˚) for settlement at Edmonton, Alberta, priced in CAD.
[7] AECO can be converted from GJ to MMBtu at a factor of 1.0546 GJ / MMBtu (1,000 Btu/scf gas).

British Columbia Montney - Oak / Flatrock Division



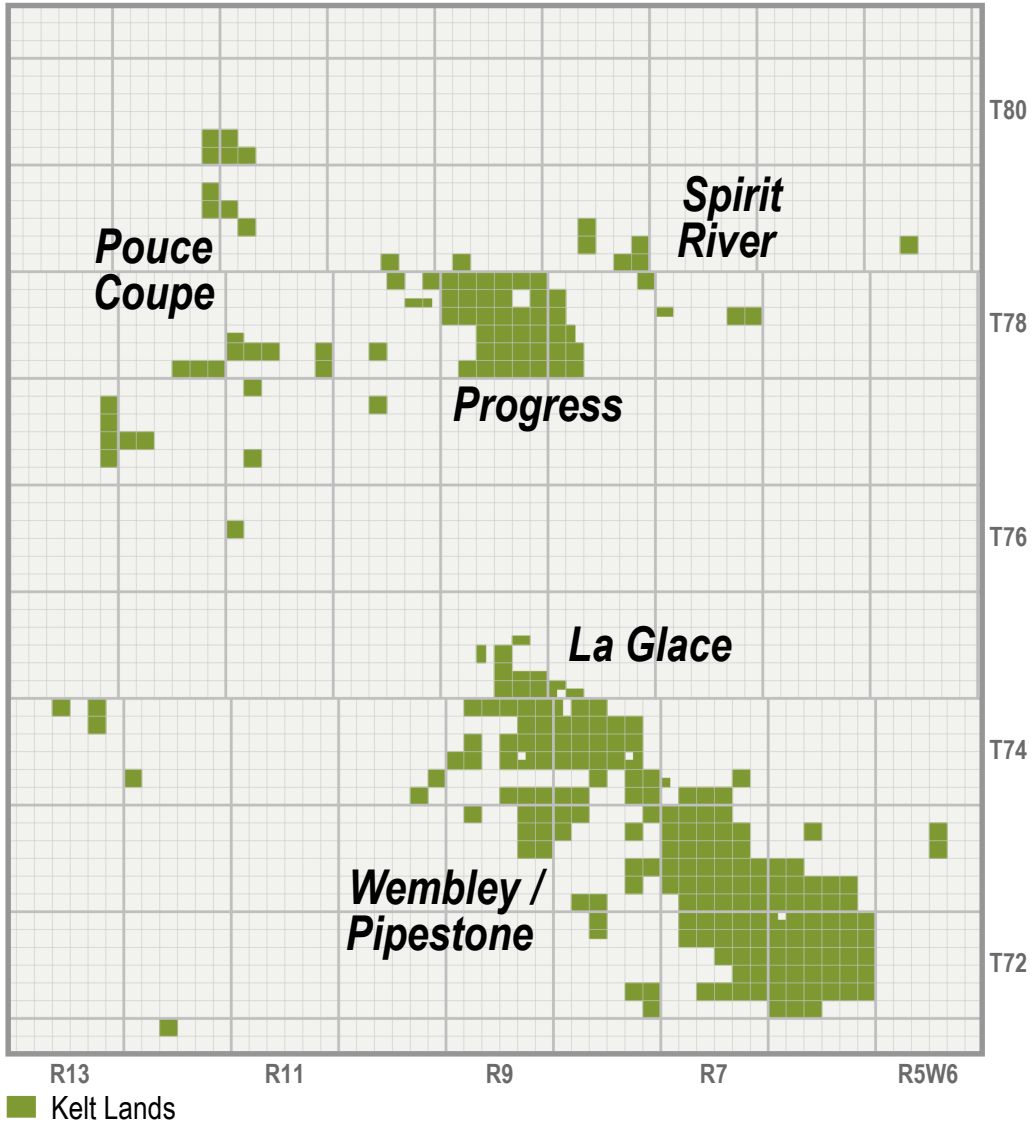
MONTNEY LAND HOLDINGS

Gross: 204,933 acres (320 sections)
Net: 203,661 acres (318 sections)

OPERATIONS

- **Oil and gas exploration activity targeting the Montney at depths of 1,500 to 1,600 metres.**
- **Expectations are 30% to 50% oil/ngls and pressure gradients slightly above normal.**
- **Two wells are currently on production, initially at restricted rates due to limited third party compression.**
- **The 02/13-13 well has a higher liquids content than originally expected. The Company will continue to follow up with offsetting wells to delineate the higher liquids portion of the land base.**

Alberta Montney Lands



MONTNEY LAND HOLDINGS

Gross: 185,600 acres (290 sections)
Net: 163,621 acres (256 sections)

OPERATIONS

- Kelt commenced development of the Montney oil play at Pouce Coupe with its first five-well pad that was completed in Q1-17. The second five-well pad was completed late in Q1-18 and the third five-well pad was completed in Q4-18.
- Kelt has had success with the first two Montney wells drilled at Progress and followed up by drilling four additional wells.
- Kelt continues with its development drilling in the oil-weighted Montney play at La Glace.
- Kelt continues to have success with its delineation program in the Montney at Wembley/Pipestone.

Alberta Montney Wells

PRODUCTION

Top Five Pouce Coupe IP30 Wells (gross sales, BOE/d):

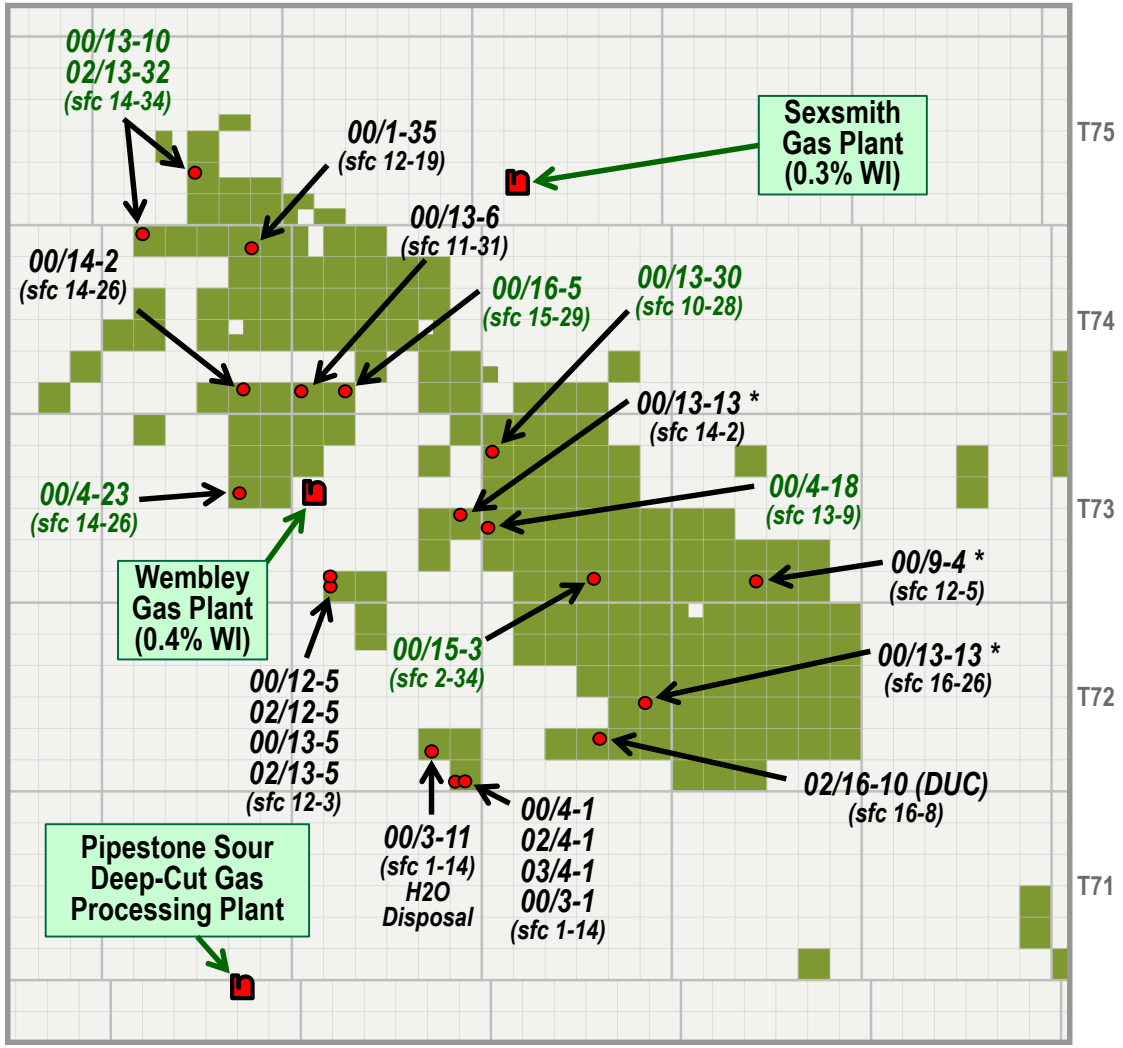
(1)	Pouce Coupe 03/07-18-078-11W6 (D1)	2,045	(66% oil/ngls)
(2)	Pouce Coupe 02/06-18-078-11W6 (D2)	2,004	(68% oil/ngls)
(3)	Pouce Coupe 02/16-09-078-11W6 (D2)	1,652	(67% oil/ngls)
(4)	Pouce Coupe 05/07-18-078-11W6 (D1)	1,546	(58% oil/ngls)
(5)	Pouce Coupe 00/01-09-078-11W6 (D2)	1,529	(65% oil/ngls)

Top Five Wembley/Pipestone IP30 Wells (gross sales, BOE/d):

(1)	Wembley 00/01-35-074-09W6 (D3)	1,422	(67% oil/ngls)
(2)	Wembley 02/12-05-073-08W6 (D3)	1,357	(80% oil/ngls)
(3)	Wembley 00/04-01-072-08W6 (D3)	1,337	(83% oil/ngls)
(4)	Wembley 00/14-02-074-09W6 (D3)	1,254	(54% oil/ngls)
(5)	Wembley 00/13-13-073-08W6 (D3)	1,174	(43% oil/ngls)

Abbreviations:
D5 = Upper Montney.
D3 = Middle Montney.
D2 = Middle Montney (at Pouce Coupe also referred to as "Montney H").
D1 = Lower-Middle Montney (at Pouce Coupe also referred to as "Montney Sexsmith").

Wembley/Pipestone/La Glace Division – Middle Montney (D3)



* *Drilled, completed & tested - awaiting tie-in*

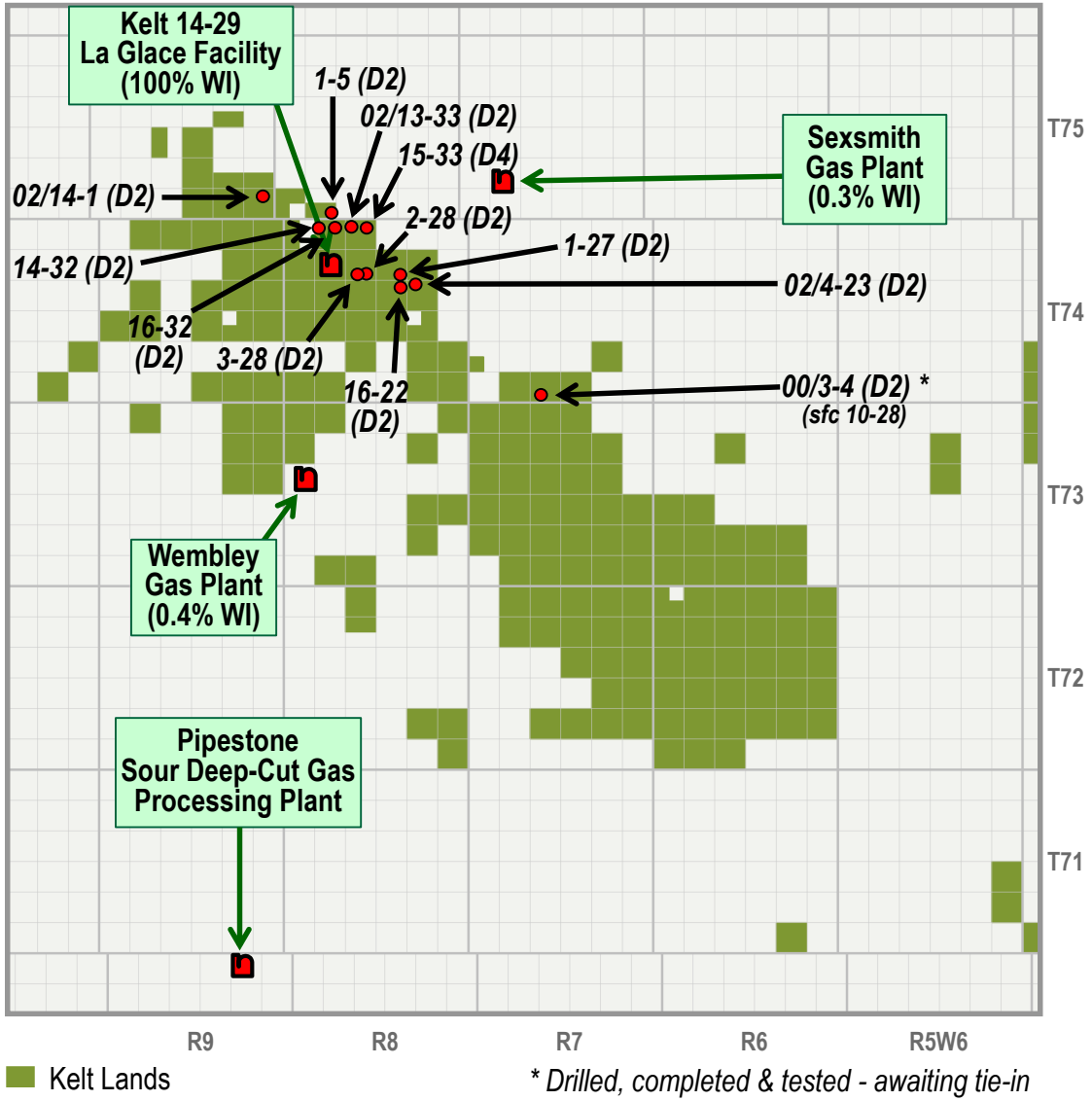
MONTNEY LAND HOLDINGS

Gross: 110,880 acres (173 sections)
Net: 107,155 acres (167 sections)

OPERATIONS

- **Kelt has an agreement with Tidewater Midstream and Infrastructure Ltd. for firm processing of 30.0 MMcf/d of raw gas under a 10-year take-or-pay arrangement at the Pipestone Sour Deep-Cut Gas Processing Plant.**
- **At Wembley/Pipestone, as a follow-up to the discovery well drilled in 2017 at 4-1 (IP30 1,337 BOE/d), Kelt drilled five additional wells in 2018 and ten additional wells in 2019. Kelt expects to drill three wells in H2-2020 and four wells in 2021.**

Wembley/Pipestone/La Glace Division – Middle Montney (D2 / D4)



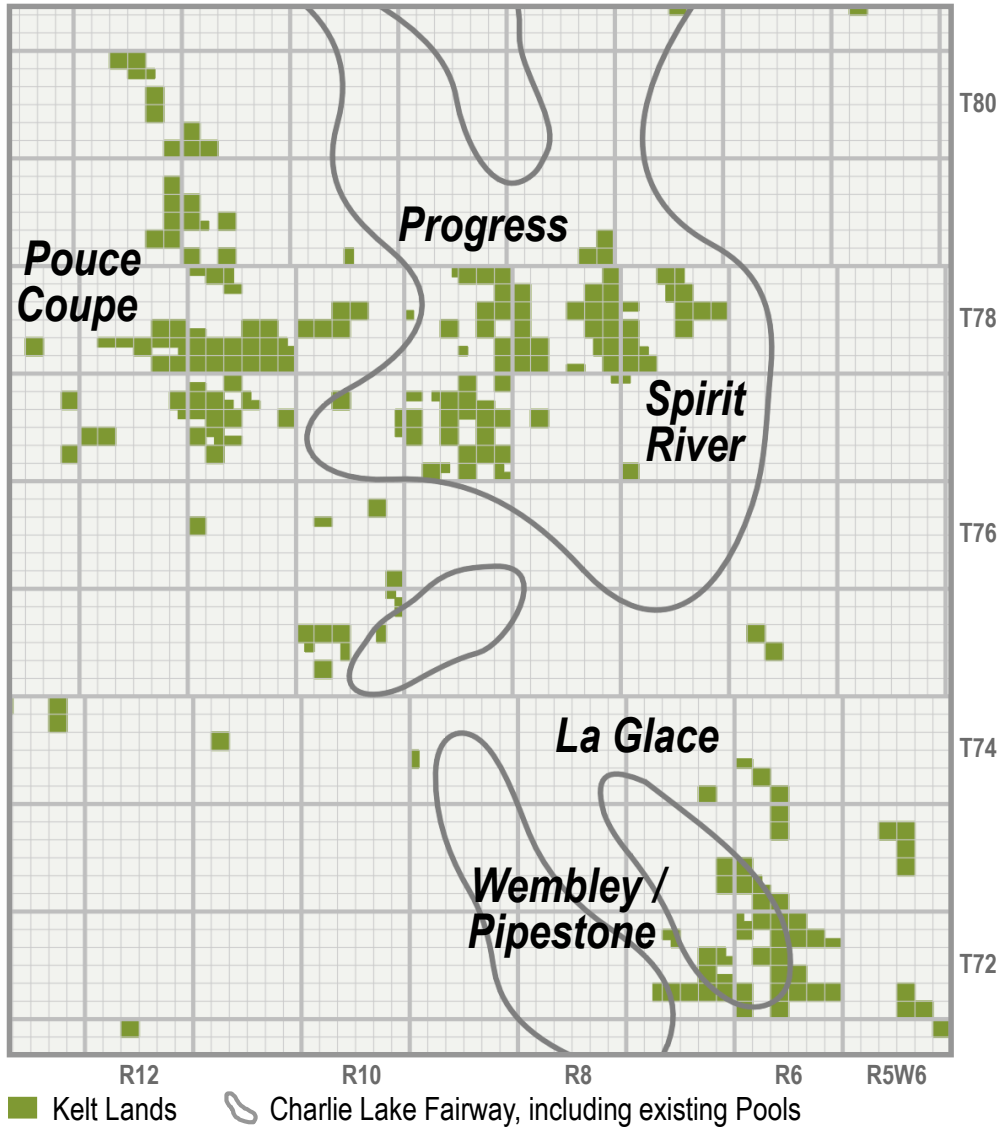
MONTNEY LAND HOLDINGS

Gross: 110,880 acres (173 sections)
Net: 107,155 acres (167 sections)

OPERATIONS

- **Ownership in pipeline infrastructure, minor interests in the Sexsmith (200 MMcf/d) and Wembley (130 MMcf/d) Gas Plants and a 100% interest in the Kelt La Glace Facility which has a handling capacity of 3,500 bbls/d of oil and 20 MMcf/d of gas.**
- **The Middle Montney (D2) at La Glace generally is more conventional in nature with higher porosity and permeability.**
- **The 00/3-4 well was drilled and completed in 2018 to test the south-eastern extension of the Middle Montney (D2) trend.**
- **The Upper Montney (D4) proved to be productive – tested in the 15-33 well.**

Alberta Charlie Lake Lands



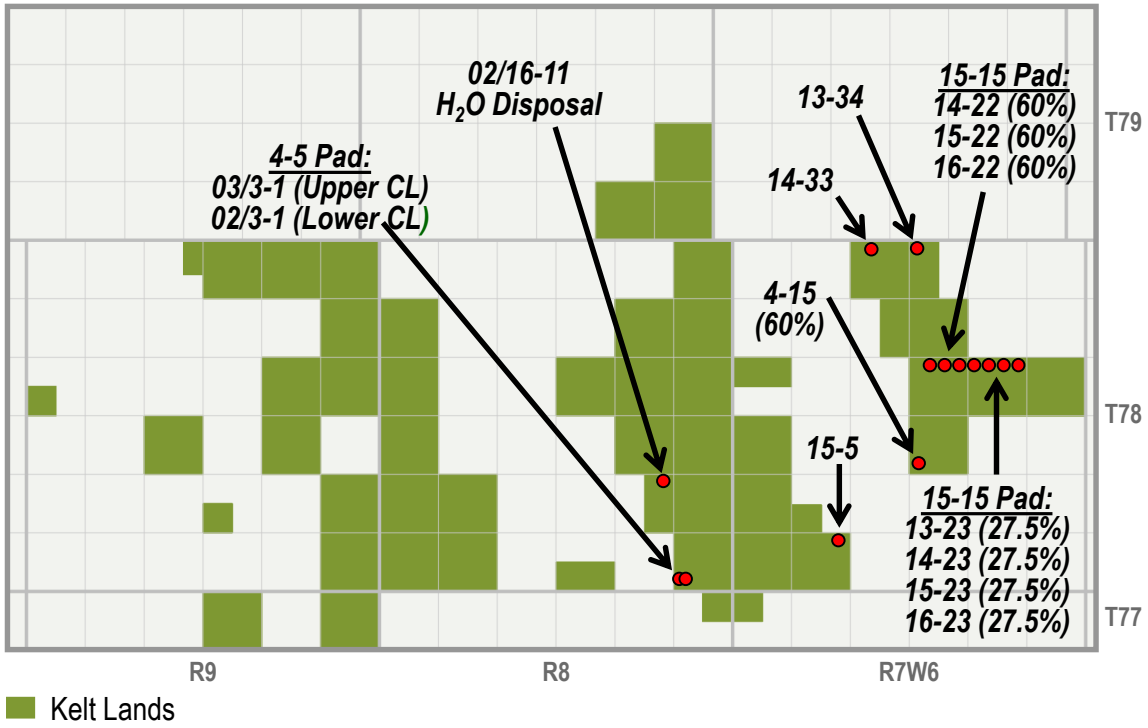
CHARLIE LAKE LAND HOLDINGS

Gross: 108,320 acres (169 sections)
Net: 74,720 acres (117 sections)

OPERATIONS

- **Kelt has over 100 gross locations targeting the Upper and Lower intervals of the Charlie Lake Formation.**
- **Kelt operates three oil batteries and has access to three gas plants in the area.**
- **Two of the most recent wells drilled by Kelt in the Charlie Lake formation on 100% owned lands cost an average of $3.2 million per well to drill & complete. The Lower Charlie Lake well paid out in 5 months and the upper Charlie Lake well paid out in 13 months.**

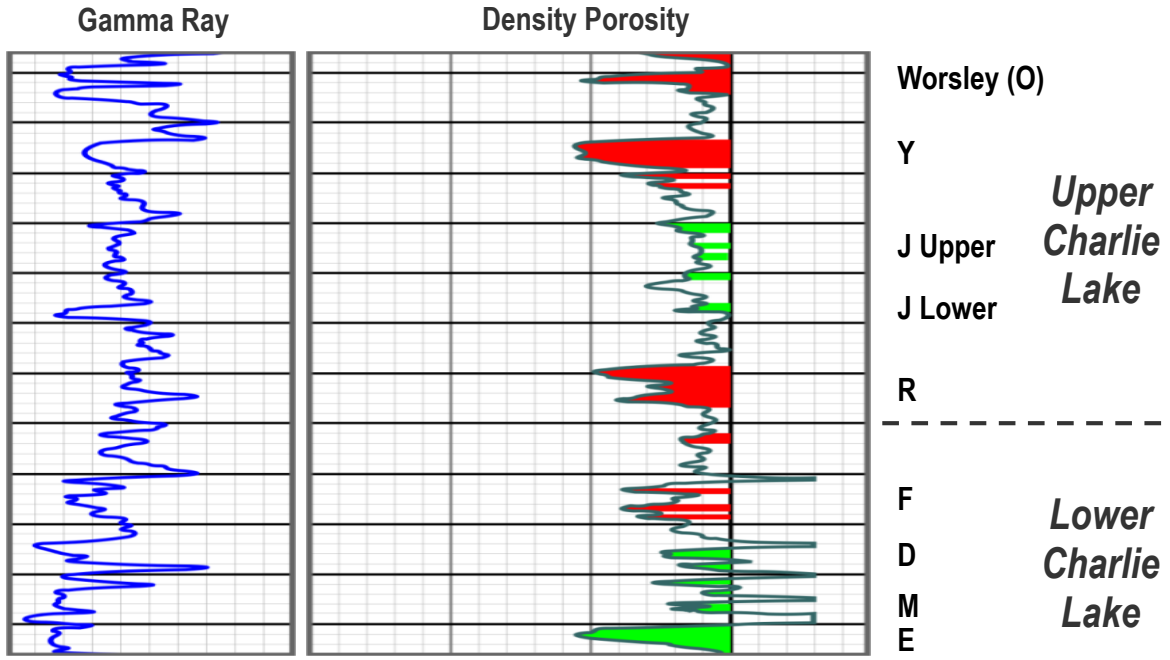
Spirit River – Charlie Lake



CHARLIE LAKE LAND HOLDINGS

Gross: 27,200 acres (43 sections)
Net: 20,000 acres (31 sections)

CHARLIE LAKE GEOLOGY



OPERATIONS

- **The 02/3-1 well paid out in 5 months and the 03/3-1 well paid out in 13 months. These wells cost an average of $3.2 million per well to drill & complete.**

Future Considerations

- **The Company has numerous potential future drilling opportunities on its existing lands that will provide for continued growth in the years to come.**
- **The Company has amassed vast Montney acreage in new plays to complement its existing development Montney lands.**
- **The Company will continue to de-risk its undeveloped exploration lands as it embarks on full scale development of its de-risked Montney and Charlie Lake resource.**
- **The Company may divest certain assets in order to monetize (bring forward) net present value and to fund continued growth in the future.**

Appendix

- ESG – Health & Safety
- ESG – Environment & Air Quality
- ESG – Climate Change
- ESG – GHG Emissions
- ESG – Corporate Governance
- Leadership – Board of Directors
- Leadership – Management
- Abbreviations
- Disclaimers

Environment, Social & Governance (ESG)

Health and Safety

Safety is paramount in Kelt's corporate culture. The Company is committed to safe and environmentally responsible operations for the benefit of its employees, contractors and the communities we work in. We reinforce our commitment through the promotion and support of a safety-oriented culture in which all workers are involved. High safety standards ensure that all employees and contractors are protected from any incident or injury and arrive home safe at the end of each day.

The Company has established effective policies, systems and procedures to ensure Kelt takes all reasonable care by avoiding, minimizing and/or eliminating any negative consequences to the environment. This means that a high standard of awareness and decisive, prompt, and continuing actions are taken to maintain and enhance the environmental quality of life for future generations. All daily operations comply with regulatory requirements and environmental protection legislation set out by the Alberta Energy Regulator (AER) and the British Columbia Oil and Gas Commission (BCOGC).

Kelt strives to achieve superior performance and continuous improvement. We maintain a Health, Safety and Environment committee within our Board of Directors to oversee the implementation of these policies, systems and procedures. We are constantly working towards new goals, commitments and bettering the community in which we work. The Board meets periodically to review health, safety, and environmental matters.

Kelt is committed to responsible operations and high safety standards:

- Track record of low lost time and injury frequency despite a significant growth in production and capital spending.
- Constructed over 130,000 meters of in-field pipeline infrastructure without a reportable incident.
- Developed and executed training initiatives and an HSE system to build culture of safety and to reduce the potential of high consequence incidents and impacts.
- Regular meeting and reporting to the Corporate HSE Committee and the HSE Committee of the Board.
- Process for routine exercises testing Kelt's Emergency Response preparedness.

Environment, Social & Governance (ESG)

Environment and Air Quality

Kelt is committed to ensuring that its operational activities comply with all environmental regulatory standards and requirements. By conducting due diligence, Kelt takes all reasonable care to minimize and/or eliminate any negative consequence to the environment. Kelt ensures there is a high standard of awareness and commitment to promote environmental stewardship at all levels of the organization, including its vendors and suppliers. Kelt's Environmental Management System (EMS) is a set of processes and practices that enable the organization to minimize its environmental footprint. Our environmental goals are to maintain and enhance the environmental quality of life for future generations

Kelt's air emission roadmap is focused on continuous improvement to meet provincial and federal standards. Kelt's emissions management framework includes air monitoring, utilizing renewable and alternative energy, creating energy efficiencies and conservation of resources.

Climate Change

Climate change is one of the most important environmental issues of our time. Kelt focuses on technology, operational excellence and initiatives to lower the Company's carbon footprint throughout the project lifecycle. We continue to make improvements and are committed to reducing the amount of Nitrous Oxide (N_2O), Methane (CH_4), and Carbon Dioxide (CO_2) emissions produced from development activities and operations in the most efficient, effective and responsible way. Our commitment aims to bring balanced energy benefits to Canada to provide access to global markets by creating less emissions at the following sources:

- combustion sources, including both stationary devices and mobile equipment;
- process emissions and vented sources;
- indirect sources; and
- fugitive sources.

Environment, Social & Governance (ESG)

Kelt supports innovative strategies, clean technology (including alternative energy and renewable energy), green products and utilizing lower emitting solutions to meet industry targets.

GHG Emissions

Type	Units	2018 Emissions	2018 Intensity	2019 Emissions	2019 Intensity
Direct Greenhouse Gas (GHG)	CO_2E	191,239 tonnes	0.0194 / BOE	210,055 tonnes	0.0192 / BOE
Flared Gas	E^3M^3	5,499 E^3M^3	0.0006 / BOE	4,335 E^3M^3	0.0004 / BOE
Sulphur Dioxide (SO_2)	SO_2E	1,783 tonnes	0.0002 / BOE	209 tonnes	0.0000 / BOE
Methane (CH_4)	CH_4	2,370 tonnes	0.0002 / BOE	2,296 tonnes	0.0002 / BOE
Nitrous Oxide (N_2O)	N_2O	676 tonnes	0.0001 / BOE	753 tonnes	0.0001 / BOE

Note: Intensity is measured by dividing annual emissions by annual production (2018 production was 9,857,104 BOE and 2019 production was 10,935,688 BOE).

Environment, Social & Governance (ESG)

Corporate Governance

The following documents relating to the Company's corporate governance matters are available on the internet at www.keltexploration.com:

- Advance Notice Policy
- Articles of Incorporation, Amalgamation, Continuation and By-Laws
- Audit Committee Chair Position Description
- Audit Committee Charter
- Board Chair Position Description
- Board Diversity Policy
- Board Mandate
- Chief Executive Officer Position Description
- Chief Financial Officer Position Description
- Code of Business Conduct and Ethics
- Compensation Committee Chair Position Description
- Compensation Committee Mandate
- Disclosure, Confidentiality and Trading Policy
- Health Safety & Environment Chair Position Description
- Health Safety & Environment Committee Mandate
- Lead Director Position Description
- Majority Voting Policy
- Nominating Committee Chair Position Description
- Nominating Committee Mandate
- Reserves Committee Chair Position Description
- Reserves Committee Mandate
- Share Ownership Guidelines
- Whistleblower Policy

Corporate Governance - Board of Directors

Robert J. Dales *[2, 3, 4, 7]*
President, Valhalla Ventures Inc.

Common shares	1,794,255
Stock options	196,000
2019 Director fees	$ 10,000

Geri L. Greenall *[2, 3, 6]*
Chief Financial Officer, Spartan Delta Corp.

Common shares	38,500
Stock options	133,000
2019 Director fees	$ 10,000

William C. Guinan *[1, 5]*
Partner, Borden Ladner Gervais LLP

Common shares	1,154,459
Stock options	168,000
2019 Director fees	$ 10,000

Michael R. Shea *[3, 4, 6]*
Independent Businessman

Common shares	544,320
Stock options	113,000
2019 Director fees	$ 10,000

Neil G. Sinclair *[2, 4, 5, 6]*
President, Sinson Investments Ltd.

Common shares	2,563,141
Stock options	226,000
2019 Director fees	$ 10,000

David J. Wilson *[5]*
President & CEO, Kelt Exploration Ltd.

Common shares	24,003,792
Stock options	809,000
2019 Director fees	Nil

Louise K. Lee
Corporate Secretary

Notes:

[1] Chairman of the Board.

[2] Member of the Audit Committee.

[3] Member of the Reserves Committee.

[4] Member of the Compensation Committee.

[5] Member of the Health, Safety and Environment Committee.

[6] Member of the Nominating Committee.

[7] Lead Director.

Management

David J. Wilson
President & Chief Executive Officer

Common shares	24,003,792
Stock options	809,000
RSUs	70,000
2019 Salary + bonus	$ 53,400

Sadiq H. Lalani
Vice President & Chief Financial Officer

Common shares	1,708,318
Stock options	659,000
RSUs	8,500
2019 Salary + bonus	$ 257,150

Douglas J. Errico
Senior Vice President, Land and Corporate Development

Common shares	463,842
Stock options	543,000
RSUs	8,500
2019 Salary + bonus	$ 257,150

Alan G. Franks
Vice President, Production

Common shares	580,495
Stock options	513,000
RSUs	8,500
2019 Salary + bonus	$ 257,150

Bruce D. Gigg
Vice President, Engineering

Common shares	152,873
Stock options	488,000
RSUs	8,500
2019 Salary + bonus	$ 256,150

David A. Gillis
Vice President, Finance

Common shares	15,616
Stock options	383,000
RSUs	17,500
2019 Salary + bonus	$ 225,900

Douglas O. MacArthur
Vice President, Operations

Common shares	944,906
Stock options	543,000
RSUs	8,500
2019 Salary + bonus	$ 257,150

Patrick W. G. Miles
Vice President, Exploration

Common shares	851,547
Stock options	543,000
RSUs	8,500
2019 Salary + bonus	$ 257,150

Carol Van Brunschot
Vice President, Marketing

Common shares	28,759
Stock options	383,000
RSUs	8,500
2019 Salary + bonus	$ 229,075

Abbreviations

GAAP: Canadian generally accepted accounting principles as set out in the *CPA Canada Handbook – Accounting.*
IFRS: International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IASB**').
FFO: Funds from operations
WTI: West Texas Intermediate
MSW: Medium Sweet Blend
NYMEX: New York Mercantile Exchange
AECO: Alberta Energy Company "C" Meter Station of the NOVA Pipeline System
MRF: Modernized Royalty Framework (Alberta)
PDP: Proved developed producing reserves.
1P: Proved reserves.
2P or P+P: Proved plus probable reserves.
BOE/d: barrels of oil equivalent per day
bbls/d: barrels per day
Mcf/d: thousand cubic feet per day
GJ: gigajoules
LT: long tonnes
MM: million
LNG: liquefied natural gas

Disclaimer

Forward-Looking Statements

Certain statements included in this corporate presentation (the **"Presentation"**) constitute forward-looking statements or forward-looking information under applicable securities legislation. Such forward-looking statements or information are provided for the purpose of providing information about management's current expectations and plans relating to the future. Readers are cautioned that reliance on such information may not be appropriate for other purposes, such as making investment decisions. Forward looking statements or information typically contain statements with words such as "anticipate", "believe", "expect", "plan", "intend", "estimate", "propose", "project", "goal", "objective", "assume", "forecast" or similar words suggesting future outcomes or statements regarding an outlook.

Forward looking statements or information in this Presentation include, but are not limited to, statements or information with respect to: Kelt Exploration Ltd.'s (**"Kelt"** or the **"Company"**) business strategy and objectives; statements with respect to the performance characteristics of Kelt's oil and natural gas properties and wells; potential future drilling locations; development plans, exploration plans, delineation drilling, in-fill drilling, optimization plans and effect on costs and production; the Company's focus for 2020 and 2021, including capital expenditures, budgeted drilling and completion costs per well, drilling program, maintaining a strong balance sheet and cost reductions; anticipated production including production mix; estimated recoverable resources; expansion of infrastructure; timing of drilling and completions; plans to investigate or participate in infrastructure projects; the Company's plan to continue to evaluate construction of processing facilities and sales pipelines; forecasted pricing; actual and estimated internal rates of return, which include assumptions respecting production and other costs, pricing, well depths, royalty rates and taxes and budgeted activities, financial and operating results with lower oil, NGL and gas prices; economic metrics including capital, IRR, net present values, EUR, netbacks, and production rates; that the estimated future production and operating income for development wells will be sufficient to payback the drill and complete capital costs incurred for each respective well; the expectation that the Company's gas market diversification will limit exposure to single market risk.

In addition, the statements contained herein relating to "reserves" and "resources" are by their nature forward looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the reserves or resources described exist in the quantities predicted or estimated and that the reserves or resources can be profitably produced in the future. Actual reserves or resources may be greater than or less than the estimates provided herein.

Future Oriented Financial Information

This Presentation contains Future Oriented Financial Information ("FOFI") within the meaning of applicable securities laws. The FOFI has been prepared by Kelt's management to provide an outlook of the Company's activities and results. The FOFI has been prepared based on a number of assumptions including the assumptions discussed under the heading "Forward Looking Statements" and assumptions with respect to the costs and expenditures to be incurred by the Company, capital equipment and operating costs, foreign exchange rates, taxation rates for the Company, general and administrative expenses and the prices to be paid for the Company's production. Management does not have firm commitments for all of the costs, expenditures, prices or other financial assumptions used to prepare the FOFI or assurance that such operating results will be achieved and, accordingly, the complete financial effects of all of those costs, expenditures, prices and operating results are not objectively determinable.

Disclaimer

The actual results of operations of the Company and the resulting financial results will likely vary from the amounts set forth in the analysis presented in this Presentation, and such variation may be material. The Company and its management believe that the FOFI has been prepared on a reasonable basis, reflecting management's best estimates and judgments. However, because this information is highly subjective and subject to numerous risks including the risks discussed under the heading "Forward Looking Statements", it should not be relied on as necessarily indicative of future results.

Except as required by applicable securities laws, Kelt undertakes no obligation to update such FOFI and forward-looking statements and information.

Assumptions

Forward looking statements or information are based on a number of factors and assumptions which have been used to develop such statements and information but which may prove to be incorrect. Although the Company believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward looking statements because the Company can give no assurance that such expectations will prove to be correct.

In addition to other factors and assumptions which may be identified in this Presentation, assumptions have been made regarding, among other things: commodity prices; the accuracy of geological and geophysical data and its interpretations of that data; estimated decline rates; the impact of increasing competition; the general stability of the economic and political environment in which the Company operates; the timely receipt of any required regulatory approvals; the ability of the Company to obtain qualified staff, equipment and services in a timely and cost efficient manner; the ability of the Company to operate in a safe, efficient and effective manner; the ability of the Company to obtain financing on acceptable terms; that the Company will have sufficient cash flow, debt or equity or other financial resources to fund its capital and operating expenditures as needed; field production rates and decline rates; the ability to replace and expand oil and natural gas reserves through acquisition, development or exploration; the timing and costs of pipeline, storage and facility construction and expansion and the ability of the Company to secure adequate product transportation; future oil and natural gas prices; currency, exchange and interest rates; the regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which the Company operates; that the estimates of the Company's reserve volumes and assumptions related thereto are accurate in all material respects; and the ability of the Company to successfully market its oil and natural gas products.

Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which have been used.

Disclaimer

Risks and Uncertainties

Forward looking statements or information are based on current expectations, estimates and projections that involve a number of risks and uncertainties which could cause actual results to differ materially from those anticipated by the Company and described in the forward looking statements or information. These risks and uncertainties which may cause actual results to differ materially from the forward looking statements or information include, among other things: the ability of management to execute its business plan; general economic and business conditions; the risk of instability affecting the jurisdictions in which the Company operates; the risks of the oil and gas industry, such as operational risks in exploring for, developing and producing crude oil and natural gas and market demand; the possibility that government policies or laws may change or governmental approvals may be delayed or withheld; risks and uncertainties involving geology of oil and gas deposits; the uncertainty of reserves estimates and reserves life; the ability of the Company to add production and reserves through acquisition, development and exploration activities; the Company's ability to enter into or renew leases; potential delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of estimates and projections relating to production (including decline rates), costs and expenses; fluctuations in oil and gas prices, foreign currency exchange rates and interest rates; risks inherent in the Company's marketing operations, including credit risk; uncertainty in amounts and timing of royalty payments; health, safety and environmental risks; risks associated with potential future lawsuits and regulatory actions against the Company; uncertainties as to the availability and cost of financing; changes in income tax rates; changes in incentive programs related to the oil and gas industry; and financial risks affecting the value of the Company's investments.

Readers are cautioned that the foregoing list is not exhaustive of all possible risks and uncertainties.

No Obligation to Update

The forward looking statements or information contained in this Presentation are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward looking statements or information, whether as a result of new information, future events or otherwise unless required by applicable securities laws.

The forward looking statements or information contained in this Presentation are expressly qualified by this cautionary statement.

Disclaimer

Oil and Gas Advisories

Barrel of Oil Equivalent Presentation

This Presentation contains various references to the abbreviation BOE which means barrels of oil equivalent. Where amounts are expressed on a BOE basis, natural gas volumes have been converted to oil equivalence at six thousand cubic feet per barrel and sulphur volumes have been converted to oil equivalence at 0.6 long tons per barrel. The term BOE may be misleading, particularly if used in isolation. A BOE conversion ratio of six thousand cubic feet per barrel is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead and is significantly different than the value ratio based on the current price of crude oil and natural gas. This conversion factor is an industry accepted norm and is not based on current prices. Such abbreviation may be misleading, particularly if used in isolation.

References to **"oil"** in this Presentation include crude oil and field condensate.

References to **"natural gas liquids"** or **"ngls"** include pentane, butane, propane, and ethane.

References to **"liquids"** includes crude oil, field condensate and ngls.

References to **"gas"** in this discussion include natural gas and sulphur.

Type Well Production and Economics

This Presentation contains references to type well, or "type curve", production and economics, which are derived, at least in part, from available information respecting the well economics of other companies and, as such, there is no guarantee that Kelt will achieve the stated or similar results, capital costs and return costs per well. Any references to peak rates, test rates or initial production rates or declines are useful for confirming the presence of hydrocarbons, however, such rates and declines are not determinative of the rates at which such wells will commence production and decline thereafter and are not indicative of long term performance or ultimate recovery. In addition, such rates or declines may also include recovered fluids used in well completion stimulation.

Readers are cautioned not to place reliance on such rates in calculating aggregate production for the Company.

Disclaimer

Reserves

Unless otherwise specified, reserve estimates disclosed in this Presentation were prepared by Sproule Associates Limited ("**Sproule**") in accordance with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities ("**NI 51-101**") and the Canadian Oil and Gas Evaluation Handbook ("**COGE Handbook**") and using Sproule's forecast prices. There is no guarantee that the estimated reserves will be recovered. As a consequence, actual results may differ materially from those anticipated in the forward looking statements. EUR is not indicative of reserves. Estimates of the net present value of the future net revenue from Kelt's reserves do not represent the fair market value of Kelt's reserves. Reserves estimates contained herein have been made assuming that funding is likely to be available to Kelt for the development of the applicable property.

Future Drilling Locations

Unless otherwise specified, the information in this Presentation pertaining to future drilling locations or drilling inventories is based solely on internal estimates made by management and such locations have not been reflected in any independent reserve or resource evaluations prepared pursuant to NI 51-101. Similarly, unless otherwise specified, the information in this Presentation pertaining to targeted reserve volumes from future drilling is intended to indicate that in making its internal drilling decisions, the Company seeks to target drilling locations that, based on previous drilling results and its own internal assessments, it believes will on average ultimately generate the indicated volumes. This Presentation discloses drilling locations which are unbooked locations and are internal estimates based on Kelt's prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations do not have attributed reserves or resources and have been identified by management as an estimation of multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that Kelt will drill all unbooked drilling locations and if drilled there is no certainty that such locations will result in additional oil and gas reserves, resources or production. The drilling locations on which we actually drill wells will ultimately depend upon the availability of capital, regulatory approvals, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While certain of the unbooked drilling locations have been de-risked by drilling existing wells in relative close proximity to such unbooked drilling locations, other unbooked drilling locations are farther away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional oil and gas reserves, resources or production.

Estimated Ultimate Recovery

Estimated Ultimate Recovery ("**EUR**") is an approximation of the quantity of oil or gas that is potentially recoverable or has already been recovered from a reserve or well. EUR is not a defined term within the COGE Handbook and therefore any reference to EUR in this Presentation is not deemed to be reported under the requirements of NI 51-101. Readers are cautioned that there is no certainty that the Company will ultimately recover the estimated quantity of oil or gas from such reserves or wells.

Disclaimer

Financial Advisories

All dollar amounts are referenced in Canadian dollars, except when otherwise noted.

Non-GAAP Financial Measures and Other Key Performance Indicators

This Presentation contains certain financial measures, as described below, which do not have standardized meanings prescribed by GAAP. In addition, this Presentation contains other key performance indicators ("KPI"), financial and non-financial, that do not have standardized meanings under the applicable securities legislation. As these non-GAAP financial measures and KPI are commonly used in the oil and gas industry, the Company believes that their inclusion is useful to investors. The reader is cautioned that these amounts may not be directly comparable to measures for other companies where similar terminology is used.

Non-GAAP Financial Measures

"Operating income" is calculated by deducting royalties, production expenses and transportation expenses from oil and gas revenue, after realized gains or losses on associated financial instruments. The Company refers to operating income expressed per unit of production as an **"Operating netback"**.

"Adjusted funds from operations" is calculated as cash provided by operating activities before changes in non-cash operating working capital, and adding back: transaction costs associated with acquisitions and dispositions, provisions for potential credit losses, and settlement of decommissioning obligations. Adjusted funds from operations per common share is calculated on a consistent basis with profit (loss) per common share, using basic and diluted weighted average common shares as determined in accordance with GAAP. Adjusted funds from operations and operating income or netbacks are used by Kelt as key measures of performance and are not intended to represent operating profits nor should they be viewed as an alternative to cash provided by operating activities, profit or other measures of financial performance calculated in accordance with GAAP. For a reconciliation of cash provided by operating activities to adjusted funds from operations and the calculation of operating income derived from the individual financial statement line items in accordance with GAAP see the management's discussion and analysis of the financial condition and results of operations of the Corporation.

"Net bank debt" is used synonymously with, and is equal to, "bank debt, net of working capital". "Net bank debt" is calculated by adding the working capital deficiency to bank debt. The working capital deficiency is equal to total current assets net of total current liabilities. The Company uses a "net bank debt to trailing adjusted funds from operations ratio" as a benchmark on which management monitors the Company's capital structure and short-term financing requirements. Management believes that this ratio, which is a non-GAAP financial measure, provides investors with information to understand the Company's liquidity risk. The "net bank debt to trailing adjusted funds from operations ratio" is also indicative of the "debt to cash flow" calculation used to determine the applicable margin for a quarter under the Company's Credit Facility agreement (though the calculation may not always be a precise match, it is representative).

Disclaimer

Other Key Performance Indicators

Production per common share: is calculated by dividing total production by the basic weighted average number of common shares outstanding, as determined in accordance with GAAP.

NPV10% BT: the anticipated net present value of the future net cash flow before taxes and after capital expenditures, discounted at a rate of 10%.

IRR: Internal rate of return. IRR is the discount rate required to arrive at a NPV equal to zero. Rates of return set forth in this Presentation are for illustrative purposes. There is no guarantee that such rates of return will be achieved in the future.

Reserves Replacement: the estimated amount of reserves added to the reserves base during the year relative to the amount of oil and gas produced.

IP30: the initial production from a well for the first 720 hours (30 days) based on operating/producing hours.

Finding, development and acquisition ("FD&A") cost: is the sum of capital expenditures incurred in the period and the change in future development capital ("FDC") required to develop reserves. FD&A cost per BOE is determined by dividing current period net reserve additions into the corresponding period's FD&A cost. Readers are cautioned that the aggregate of capital expenditures incurred in the year, comprised of exploration and development costs and acquisition costs, and the change in estimated FDC generally will not reflect total FD&A costs related to reserves additions in the year. For calculations relating to FD&A costs and recycle ratios, see the management's discussion and analysis of the financial condition and results of operations of the Company for the year ended December 31, 2019.

Recycle ratio: is a measure for evaluating the effectiveness of a company's re-investment program. The ratio measures the efficiency of capital investment by comparing the operating netback per BOE to FD&A cost per BOE.

Net asset value per common share: is calculated by adding the present value of petroleum and natural gas reserves, undeveloped land value and proceeds from exercise of stock options, less the present value of decommissioning obligations and bank debt, net of working capital, and dividing by the diluted number of common shares outstanding. The calculation of proceeds from exercise of stock options and the diluted number of common shares outstanding only include stock options that are "in-the-money" based on the closing price of KEL common shares as at the calculation date. The diluted number of common shares outstanding includes common shares issuable upon conversion of the convertible debentures that are "in-the-money" based on the closing price of KEL common shares as at the calculation date.

Corporate Presentation

kelt exploration

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